

MINUTES

VIRGINIA SMALL BUSINESS FINANCING AUTHORITY BOARD OF DIRECTORS MEETING - LOAN BUSINESS

April 21, 2004 - 12:00 P.M.

**8th & Main Building, 3rd Floor Conference Room
Richmond, Virginia**

- I. Voting members present: Andy Brownstein, Hattie Hamlin, Larry Roach, Jim Cheng, Esther Corpus, and the Honorable Jody Wagner.
Others present: Bob Young, Chuck Mills, Eric Gregory (Attorney General's Office), Scott Parsons, Patty Thorne, Anna Mackley Cobb, Barbara Carter, and Mark Heede via telephone.
- II. Approval of Minutes - On a motion by Jim Cheng, seconded by Larry Roach, the minutes of the March 17, 2004 Board of Directors - Loan Business Meeting were unanimously approved. (Esther Corpus and Jody Wagner were not present for the vote. Mr. Young voted for Ms. Wagner.)
- III. Economic Development Loan Fund Application
 - A. DelFosse Vineyard and Winery, LLC - Nelson County - \$750,000.
Anna Mackley Cobb presented this request to the Board. On a motion by Bob Young, seconded by Hattie Hamlin, the Board of Directors unanimously approved a \$750,000 5-year loan through the Economic Development Loan Fund to finance the acquisition of winery, vineyard and cellar equipment, and construction of new buildings for the winery operation. (Jody Wagner was not present for the vote. Mr. Young voted for Ms. Wagner.)
- IV. Board Review and Ratification of Loans Approved and Declined by Staff - On a motion by Larry Roach, seconded by Jim Cheng, the loan decisions of \$500,000 or less approved and declined by staff for March 2004 were unanimously ratified. (Jody Wagner was not present for the vote. Mr. Young voted for Ms. Wagner.)

- V. Report to the Board on Loan Volume and Fiscal Year Status - The monthly loan activity report for Fiscal Year to Date July 2004 showing the status of the VSBFA loan portfolio was reviewed by Scott Parsons who gave an update on loan activity, funding status, and clarified questions from the Board.

- VI. Loan Guaranty Program (LGP) Enhancement Request - Scott Parsons brought before the Board a request to enhance the Loan Guaranty Program by increasing the maximum guaranty amount. Mr. Parsons explained that staff contacted banks participating in the LGP and found that the banks would get more use out of the program for most of their deals if the guaranty was larger. A motion was made by Larry Roach, seconded by Bob Young, and unanimously approved to increase the cap on the Loan Guaranty Program from \$300,000 to \$500,000, to move \$600,000 from the state Economic Development Loan Fund into the Loan Guaranty Program to supplement the increase in guarantees, and to return the money to the EDLF if it isn't used. Chairman Brownstein then urged staff to aggressively market this new change to the program. (Jody Wagner was not present for the vote. Mr. Young voted for Ms. Wagner.)

- VII. Economic Development Loan Fund and Loan Guaranty Program Application
 - A. Rage Plastics Altavista, LLC and Ohio LLC - Campbell County - \$1,050,000. This loan request was presented to the Board by Mark Heede. On a motion by Jim Cheng, seconded by Esther Corpus, the Board of Directors unanimously approved a \$750,000 5-year loan through EDLF and a \$300,000 through LGP, both with amendments. These amendments were: 1) quarterly tax payments to be closely monitored by staff, 2) company will be required to use a professional payroll service to ensure proper payroll tax payments, and 3) guarantor, George Saliaris, will be required to provide, at minimum, a "pocket" deed of trust on his house, in favor of the VSBFA. Staff has the authority to make further requirements if deemed necessary. The EDLF loan will be used to assist the company in financing the purchase and installation of injection molding equipment for the production of plastic bottles. The 75% Loan Guaranty will be used to support a \$400,000 line of credit to be extended by First National Bank of Altavista. (Hattie Hamlin was present for discussion but not for the vote. Jody Wagner was present for vote but did not vote; Bob Young voted.)

VIII. Administrative Matters

- A. Request for Proposals (RFP) for Alternative Funding Sources - The Executive Director was requested by the Board of Directors to draft a RFP for a Business Consultant/Financial Adviser to locate alternative funding sources for the Financing Authority. Scott Parsons informed the Board that the RFP has been drafted and submitted to the Attorney General's Office for final approval. The Board then discussed the process to be used for the responses to the RFP and decided that staff would develop a short list ranking and invite those selected to a Closed/Executive session before the Board for oral presentations.
 - B. APA Audit - Scott Parsons briefly noted that the Authority's annual audit was completed this month with no material changes. A clean audit was received again this year along with a few minor housekeeping items to implement, one of which is the Board's By-Laws which will be updated and distributed to the Board by fiscal year end.
 - C. Tobacco Commission Southside Capital Access Program (TCAP) - Scott Parsons updated the Board on the status of the new loan program being administered by the Authority for the Tobacco Commission. The TCAP loan program has been approved by the Tobacco Commission for use only in Southside Virginia (the Commission decided to use another program in Southwest Virginia). The Memoranda of Understanding have been signed, the reserve pool committed to but not yet funded, and a letter from the Chairman of the Tobacco Commission has been sent to banks in the Southside region announcing the new program. Staff is now in the process of following up with the banks and aggressively marketing the program.
- IX. Adjourn - On a motion by Larry Roach, seconded by Jody Wagner, the meeting was adjourned.